




**National Rural Electric  
Cooperative Association**

A Touchstone Energy® Cooperative 

Jo Ann Emerson  
Chief Executive Officer

December 8, 2014

Hon. Marlene H. Dortch  
Office of the Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, D.C. 20554

Dear Secretary Dortch:

RE: *In the Matter(s) of: Connect America Fund, WC Docket No. 10-90, Universal Service Reform – Mobility Fund, WT Docket No. 10-208, ETC Annual Reports and Certifications, WC Docket No. 14-58, Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket no. 07-135, Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92*

I write today on behalf of the members of the National Rural Electric Cooperative Association ("NRECA"). NRECA is the national service organization for more than 900 not-for-profit rural electric utilities that provide electric energy to approximately 42 million people in 47 states. Rural electric cooperative infrastructure covers 72% of the land mass of the United States. Rural electric cooperatives provide electric energy to approximately 12 percent of electric customers. In addition to their core mission of providing safe, reliable electric service to their owner-members at the lowest reasonable cost, rural electric cooperatives are dedicated to improving the communities in which they serve. In some cases, this takes the form of committing to build and/or operate and/or manage broadband systems in these communities due to lack of service from traditional telecommunications providers.

I write today to emphasize to the Commission a critical element in the comments filed by NRECA in this proceeding. Under the CAF-II process, we feel very strongly that areas in which a proposal for a rural broadband rural experiment is submitted should be removed from a price cap carrier's state-level commitment. By removing the right of first refusal, the Commission would enable a price cap carrier, the applicant submitting the formal proposal and any other eligible provider to participate in the competitive bidding process for model-based support for that area. This process should drive down costs and preserve scarce universal service funds. Competing for a chance to provide voice and broadband services in unserved and underserved locations is a **once in a generation** opportunity for entities such as electric cooperatives to close the digital divide. A more inclusive approach to solving this issue will allow for a better allocation of scarce universal serve funds at relatively higher broadband service performance levels.

I am very encouraged by the Commission's increased attention, and organized approach, to closing the digital divide. By encouraging, rather than restricting, competition for areas where entities have expressed a desire and interest to serve, the Commission will continue its path to closing the digital divide.

Thank you for your attention to these critical matters.

Sincerely,



Jo Ann Emerson

Cc: Chairman Tom Wheeler  
Commissioner Mignon Clyburn  
Commissioner Michael O'Rielly  
Commissioner Ajit Pai  
Commissioner Jessica Rosenworcel  
House Energy and Commerce Committee  
Senate Commerce Committee  
House Agriculture Committee  
Senate Agriculture Committee